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Federal Communications Commission
Consumer & Governmental Affairs Bureau
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Del Bice
Webbworks, Inc.
P. O. Box 3066
Richland, WA 99352

EX PARTE OR LATE FILED

Dear Mr. Bice:

Thank you for your letter addressed to Congressman Richard Hastings regarding the regulation of telephone lines and Internet service.

The issues outlined in your letter are currently under consideration by the Commission. We note that you filed comments on May 8, 2002, in response to the Commission's Notice of Proposed Rulemaking for CC Docket Nos. 02-33/95-20 and 98-10. Those comments will be considered together with the comments submitted by other parties when the Commission takes action to resolve this matter. We have forwarded your correspondence as an ex parte communication to the docket for these proceedings.

We appreciate your inquiry. Please do not hesitate to contact us if you have further questions.

Sincerely,

For K. Dane Snowden
Chief
Consumer & Governmental Affairs Bureau

cc: Congressman Richard Hastings

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DOC HASTINGS
4TH DISTRICT, WASHINGTON
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Congress of the United States
House of Representatives

May 29, 2002

CCB
ISP
2/175

Ms. Diane Atkinson
Office of Congressional and Public Affairs
Federal Communications Commission
1919 M Street NW
Washington, DC 20554

Dear Diane:

I was recently contacted by a constituent regarding the regulation of phone and Internet lines. I would appreciate your assistance with this matter.

As you can see from his letter, Mr. Bice is concerned that large companies have an unfair advantage to phone and Internet lines over smaller companies -- especially his company Webbworks. I would appreciate you addressing Mr. Bice's concerns regarding this matter directly.

Thank you for your assistance in this matter.

Sincerely,

Doc Hastings
Member of Congress

DH:jg

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My name is Del Bice and I am the CEO and President of Webbworks, Inc., in Richland, WA. We began business in 1996 and presently have 1,450 customers, most of who live and work in the Tri-Cities, Columbia Basin of Central Washington State, but we also do a fair amount of web hosting for customers throughout the nation, and have some overseas customers as well. We offer many services that our local phone companies, both monopolies, Qwest and Verizon, do not offer. Services like plain old dialup Internet. In Franklin and Walla Walla Counties, Qwest does not provide even the basics of Internet Access, POTS dialup, let alone DSL or other high-speed options. We offer free in home customer setup, free Internet training classes, free unlimited technical support by a local individual 24/7. We have a store, open 7 days a week, people can actually go into to seek help and assistance and we live in this community and spend ALL our money in this community. We also pay taxes, both locally, in our state and nationally. Since Qwest has no presence in our community they do not. We have more employees in this area than Qwest and our employees, pay taxes, spend money and vote in our community. We also help our local library, senior center, health center, private schools, in fact we provide free access and service to every single non-profit service organization in our region, as well as provide access to and support for the Columbia Basin Free Net and the Columbia Basin Public Information Network. We continue to host all their websites. Neither Verizon nor Qwest has ever involved themselves in the community or provide anything like we do, ever! Of course there is very little a government subsidized monopoly needs to do in a community it 'serves', right?

When we opened for business we started, as many ISPs did, with a stack of ordinary dial-up modems and a fistful of phone lines from US West. Of course getting phone lines from US West was always a problem, and we frequently lost customers when our modem lines became busy because US West was late delivering phone lines we had ordered well in advance, or was unable to deliver reliable lines that had already been installed. Qwest to this day is being fined on a daily basis by the State of Washington and the WUTC for the horrendous service levels it is achieving (the irony is intended), in Washington State. So in 1997 Webbworks moved across the river and duplicated our operation entirely in Verizon territory. Remember to this day that Verizon and Qwest are monopolies in their respective territories, there is no competition at the Telco level, no CLECs, they are the only choice, not a choice. Webbworks was forced to setup two operations, within 4 miles of each other, to provide service to a single community of 185,000+ people, because we are too rural, too small, too isolated, for the Big 2 to be interested in providing even the most rudimentary phone services. Ironic, that we are just the type of community that the laws and regulations were designed to protect and benefit, and more ironic that the FCC is about to remove any requirement that these monopolies live up to their current obligations before snatching any hope we in the Tri-Cities and Columbia Basin have of ever getting even the most rudimentary phone services or broadband access. What about holding these monopolies to their promises and current obligations under current laws and regulations, before you remove any more restrictions or requirements? The FCC is proceeding contrary to the will of Congress, the voice of the people of the United States, and might I add to the detriment to the FCC's constituents. Nowadays we have moved on from ordinary phone lines to digital PRI's (Primary Rate ISDN), digital switches instead of modems, dsl terminators, communications servers. Finally after 7 years we now have choice when it comes to our Backbone connections. This has allowed Webbworks to reduce our monthly fee to \$13.75 and offer everything the biggies do and more, for a lot less. We have now moved all our business to Verizon (except backbone connections which are with Sprint), but since we have no other choice but Verizon for phone services our customers and we are at their mercy. Unfortunately, if we want to offer Internet access over DSL to our customers, we must do it through Verizon, and the prices Verizon has offered us make it impossible for us to compete. We are expected to pay \$40 per month for the data line to reach the customer, and turn around and compete with Verizon, which is offering reconfigured phone lines, internet access and free \$200 modems, for \$29 per month. There is no way we can offer this product without losing money, and so we lose \$25 per month on each of our DSL customers, otherwise we would be forced out of the DSL market. Unfortunately this also means that we are losing customers, either to Verizon VOL for DSL or to the cable company, since more and more of our customers are demanding faster access and if we can't provide it, they'll go to someone who will. If that trend continues, Webbworks Internet Online will not be around much longer. Verizon also uses its control over phone networks for DSL service to provide preferential service and access to its own ISP (VOL Verizon Online). Verizon does not allow DSL customers to migrate among ISPs with disrupting their service; some users who have switched lost their connections for weeks and months at a time. Verizon is the monopoly phone company. People have no choice they must get all phone service from Verizon, as Webbworks must get all phone service from Verizon. Wait times grew.

for non VOL customers, once Verizon VOL began provisioning DSL service. Webbworks must provide DSL service from lines leased exclusively from Verizon. All this on phone lines bought and paid for many times over by the residents and taxpayers/ratepayers of the State of Washington. What's at stake here is not just competition in broadband access, but whether Internet users will have a choice in the content and applications available now or that will become available in the future. I do not have the resources to fight the tariffs that Verizon has filed that allow it to get away with charging ISPs a wholesale rate of \$40 for access to the network. Nor too work on a three year break even pricing model for my customers. I believe the true cost is probably a great deal less than that, around \$6 industry wide. However, I also do not believe that the answer to this problem is simply to allow Verizon and Qwest to stop selling access to the network at all, or to take away the requirements that are supposed to be preventing Verizon and Qwest from discriminating.

The answer is for the FCC to make a good faith effort to uncover the discrimination (whether it is in pricing or provisioning) and put an end to it. Until the FCC has demonstrated that it is willing to do this for ISPs and consumers alike, any talk about lifting the rules for monopolies like Verizon and Qwest is to say the least, premature.

Sincerely,

Del Bice

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